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Market Snapshot

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The FTSE 100 closed at a new record high on Thursday and may be set to repeat that feat on Friday – buoyed by a confluence of strong corporate earnings, rising commodity prices, and upbeat data. Oil majors **Shell** and **BP** gained after crude prices jumped more than 5% in response to fresh US sanctions on Russian energy companies. Gold miners also rallied as bullion prices hit new highs, driven by geopolitical tensions and safe-haven demand.

Meanwhile, better-than-expected UK retail sales figures – up 0.5% month-on-month – added to investor optimism, suggesting resilient consumer spending. Better-than-expected updates from blue-chip companies including **Rentokil** and the **London Stock Exchange Group** further lifted sentiment, with both stocks posting double-digit gains. Traders also welcomed signs of cooling inflation, which bolstered hopes of a Bank of England rate cut. The FTSE 100 index's commodity-heavy composition and global exposure helped it outperform European peers, marking its best weekly performance since April.

Friday afternoon's US CPI data is especially significant as it offers the first major economic insight since the recent government shutdown, and it is expected to confirm a renewed acceleration in inflation. Forecasts suggest headline inflation rose to 3.1% year-on-year in September – its fastest pace in 16 months – driven by higher food prices and lingering tariff effects. The release is crucial for shaping Federal Reserve policy, with markets watching closely for signs that inflation remains stubbornly above the Fed's 2% target. Core CPI, which excludes food and energy, is projected to hold steady at 3.1%, reinforcing concerns about persistent price pressures in services and housing. The data also determines the Social Security cost-of-living adjustment for 2026, affecting over 75 million Americans.

US equity gains continue to be fuelled by the megacap companies developing artificial intelligence (AI).

The FTSE 100 was +2.3% over the week by mid-session on Friday, with the more UK-focused FTSE 250 trading +2.5% ahead.

Donald Trump

President Donald Trump imposed sanctions on Russia's two largest oil companies – **Rosneft** and **Lukoil** – in a dramatic escalation aimed at pressuring Moscow to end its war with Ukraine. The sanctions, which also target more than 30 subsidiaries, freeze US-based assets and prohibit American entities from conducting business with the companies, effectively cutting off a major revenue stream that funds the Kremlin's military operations. Mr Trump described the move as “tremendous” and said it was “time to stop the killing”, following the collapse of a planned summit with Russian President Vladimir Putin. The sanctions mark a significant shift in President Trump's foreign policy, having previously resisted such measures to avoid disrupting global energy markets.

Oil prices spiked after the announcement, raising concerns over supply disruptions. Brent crude surged nearly 5% to \$65.57 a barrel, while US West Texas Intermediate climbed to \$61.51, marking the biggest two-day rally since July. Secondary sanctions threaten foreign institutions that facilitate Russian oil transactions. India, a major buyer of Russian crude, is reportedly preparing to scale back imports to avoid exposure, while China has voiced opposition to the measures. Analysts warn the sanctions could lead to forced production shut-ins in Russia and heighten inflation risks globally, complicating central bank policy decisions. Energy stocks rallied in response, but the long-term impact hinges on how Asian refiners and global supply chains adapt to the new geopolitical landscape.

Economics/Autumn Budget

There was some good news for Rachel Reeves, as there appeared to be bright spots in Britain's moribund economy. UK inflation held steady at 3.8% in September, defying expectations of a rise to 4% and reinforcing hopes of a potential interest rate cut by the Bank of England later this year. The unchanged figure marks the third consecutive month at this level, suggesting price pressures may have peaked. Core inflation, which excludes volatile

items like energy and food, eased slightly to 3.5%, while food inflation fell for the first time since March, dropping to 4.5% from 5.1% in August. The surprise moderation triggered a sharp fall in gilt yields and a dip in the pound, as markets priced in a more dovish monetary stance. Economists now see the Bank's November and December meetings as "live", with a rate cut from the current 4% increasingly plausible if disinflationary trends persist.



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UK retail sales surprised to the upside in September, rising 0.5% month-on-month and 1.5% year-on-year, defying economists' expectations of a decline. The Office for National Statistics attributed the growth to strong performances in non-food stores, particularly tech retailers, buoyed by the launch of **Apple's iPhone 17** and **Nintendo's Switch 2**. Online sales also surged, with jewellers reporting robust demand for gold amid record prices. Overall, retail volumes reached their highest level since mid-2022, marking the fourth consecutive month of growth. Warm summer weather boosted clothing sales, while quarterly data showed a 0.9% rise in volumes, the strongest since 2022. Despite the upbeat figures, retail activity remains 1.6% below pre-pandemic levels, and economists caution that high inflation and looming tax hikes could temper consumer momentum heading into the Christmas season.

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Geopolitics

Shanghai's stock market surged to a decade-high, with the Shanghai Composite Index closing at 3,933.97 on Thursday – its highest level since 2015 – before climbing on Friday to new highs. Gains have been driven by renewed investor confidence in China's policy direction and a booming tech sector. The rally was underpinned by expectations of continued macroeconomic easing, including interest rate and reserve requirement ratio cuts, and a massive ¥10 trillion debt resolution plan. Investors responded positively to signals from the Communist Party's Fourth Plenum, which emphasised technological self-reliance and long-term growth strategies. AI, semiconductors, and robotics stocks led the charge, buoyed by Beijing's pledge to prioritize innovation and

security in its upcoming five-year plan. The broader A-share market also hit a milestone, surpassing ¥100 trillion in total market capitalisation, reflecting a surge in liquidity and a shift in capital from deposits to equities.

Companies

Tesla reported record revenue in the third quarter, but profits continued to slide, highlighting the company's ongoing margin pressures and strategic pivot towards AI and robotics. Revenue rose 12% year-on-year to \$28.1bn, beating Wall Street expectations, thanks to record global deliveries of 497,099 vehicles and strong growth in energy storage deployments. However, net income fell 37% to \$1.37 billion, or 39 cents per share, marking the fourth consecutive quarterly profit decline. Operating margin dropped to 5.8%, reflecting rising costs and pricing pressures. Despite the earnings miss, chief executive Elon Musk emphasised Tesla's long-term vision, pointing to progress in AI chip development with Samsung, expansion of its Supercharger network, and the upcoming rollout of new models and the Cybercab.

Netflix reported a mixed third-quarter performance, with revenue climbing 17% year-on-year to \$11.51bn – driven by strong ad sales, pricing adjustments, and robust global engagement. However, earnings per share fell short of expectations at \$5.87, missing analyst forecasts of \$6.97, due to a one-off \$619m tax expense related to a long-running dispute with Brazilian authorities. Operating margin dropped to 28%, below the projected 31.5%, though Netflix emphasised the issue would not materially impact future results.

London Stock Exchange Group delivered a strong third-quarter performance, with total income excluding recoveries rising 6.4% year-on-year to £2.22bn, driven by broad-based growth across its Data & Analytics, Markets, and Risk Intelligence divisions. The group raised its full-year EBITDA margin guidance by 100 basis points (bp), now expecting to reach the top end of its range, with an additional 100bp uplift from revised revenue-sharing terms in its SwapClear business. It also announced a strategic move in its post-trade operations, selling a 20% stake in its Post Trade Solutions unit to a consortium of global banks for £170m.

Rentokil Initial delivered a well-received third-quarter update, reporting a 4.6% year-on-year increase in group revenue to \$1.81bn, with organic growth of 3.4%, beating market expectations. The North American division was a standout, with pest control services rebounding to 1.8% organic growth from just 0.1% in the first half, while business services surged 14.4%. International operations also posted a 3.3% organic rise, led by strong performances in the UK and Southern Europe. Chief executive

Andy Ransom credited improved sales execution, enhanced digital marketing, and the expansion of satellite branches – now at 139 and on track to reach 150 by year-end – for driving momentum. The company reaffirmed its full-year guidance, citing consistent trading conditions and progress on its \$100m cost-efficiency programme.

Unilever reported a solid third-quarter performance, delivering underlying sales growth of 3.9% and volume growth of 1.5%, driven by broad-based gains across all business groups and a strong showing from its Power Brands. Despite a 3.5% decline in turnover to €14.7bn – largely due to currency headwinds and net disposals – the company reaffirmed its full-year outlook, expecting growth of between 3% and 5%. Chief executive Fernando Fernandez highlighted improved momentum in emerging markets, notably Indonesia and China, and confirmed the planned ice-cream business demerger by year-end, positioning Unilever for a leaner, higher-margin future.

Reckitt Benckiser delivered a robust third-quarter performance, with group like-for-like net revenue rising 7% to £3.61bn, driven by strong volume-led growth across its core consumer health and hygiene portfolio. Core Reckitt posted a 6.7% increase, underpinned by a 3.4% rise in volumes and a 3.3% contribution from price/mix. Emerging markets were the standout, surging 15.5% on broad-based gains in China, India, and Latin America, while developed markets returned to modest growth – Europe up 0.8% and North America 1.3%. Mead Johnson Nutrition rebounded sharply with 22% growth, offsetting a 4.9% decline in the Essential Home division. Chief executive Kris Licht reaffirmed full-year guidance of 3%-4% group like-for-like sales revenue growth.

BHP delivered a robust operational performance in the third quarter, underpinned by disciplined execution and favourable commodity market conditions. Group copper production rose 4%, driven by record throughput at the Escondida mine in Chile, while iron ore operations in Western Australia achieved record material mined despite planned maintenance. Steelmaking coal output increased 8%, supported by strong mining rates at Broadmeadow and enhanced stripping at open-cut sites. With the Jansen potash project in Canada progressing steadily – Stage 1 now 73% complete – BHP remains on track to meet full-year guidance, buoyed by resilient global commodity demand and tightening copper market fundamentals.

Bunzl delivered a steady third-quarter performance, reaffirming its full-year guidance despite ongoing margin pressures and a challenging market environment. Group revenue rose 0.6% at constant exchange rates, supported by a 1.4% contribution from acquisitions, though fewer trading days

trimmed 1.1% from the top line. Underlying revenue, adjusted for trading days, edged up 0.4%, modestly ahead of analyst expectations. However, at actual exchange rates, revenue declined 0.8% year-on-year. The group's operating margin continued to narrow, expected to fall moderately below 8.0% for the year, down from 8.3% in 2024, though the rate of decline eased compared to the first half.

Segro reported a strong third-quarter performance, buoyed by improving occupier sentiment and robust development momentum. The FTSE 100-listed industrial property group signed £22m in new headline rent during the period. Development completions added 34,800 square metres of new space and £8m in rent, including a powered shell data centre at Slough Trading Estate. Occupancy remained high at 94.3%, with customer retention at 86%. Segro also recorded its most active quarter for pre-lettings since early 2024, securing £7m in deals and progressing a pipeline of projects across the UK and continental Europe.

Texas Instruments posted solid third-quarter results, with revenue rising 14% year-on-year to \$4.7bn, driven by broad-based growth across its Analog, Embedded Processing, and Other segments. Analog revenue surged 16%, while Embedded Processing climbed 9%, reflecting resilient demand despite a sluggish semiconductor market recovery. Chief executive Haviv Ilan highlighted strong cash generation and guided for fourth-quarter revenue of between \$4.22bn and \$4.58bn, citing cautious optimism amid macroeconomic uncertainty and moderated factory utilisation to manage inventory levels.

Aberdeen Group, formerly abrdn, reported a stronger third-quarter performance as it continued its turnaround under new chief executive Jason Windsor. Assets under management and administration (AuMA) rose to £542.4bn as of 30 September, up from £517.6bn in the previous quarter, driven by positive market movements and a sharp reduction in net outflows. Net outflows for the quarter stood at £500m, a significant improvement from £3.1bn a year earlier. The group's retail platform, interactive investor, was a standout performer, attracting £1.9bn in net inflows, while the Insurance Partners division continued to see outflows due to the ongoing run-off of its Phoenix Group contract.

Lloyds Banking Group reported a 36% drop in third-quarter pre-tax profit to £1.17bn, hit by an £800m provision linked to the UK motor finance mis-selling scandal. Despite the charge, the bank delivered resilient underlying performance, with net income rising 7% year-on-year to £4.64bn and underlying net interest income up 6.8% to £3.45bn. The net interest margin – a key figure watched by analysts and investors – improved to 3.06%, while

customer deposits and lending both grew, including a £3.1bn rise in mortgage lending. Chief executive Charlie Nunn highlighted strong capital generation and reaffirmed confidence in full-year and 2026 guidance, with the bank now expecting £13.6 billion in underlying net interest income for 2025.

NatWest delivered a strong third-quarter performance, with pretax operating profit jumping 30% year-on-year to £2.2bn, beating analyst expectations. Total income rose 15.7% to £4.33 billion, driven by a 12.7% increase in net interest income and solid growth in non-interest income. The bank upgraded its full-year guidance for the second time this year. Lending activity was robust, with £4.4bn in new mortgages and business loans, while assets under management climbed 8.1% to £56bn. NatWest's cost-income ratio improved to 47.8%, reflecting ongoing digital transformation and operational efficiency. Unlike some rivals, the bank avoided exposure to motor finance mis-selling charges, further boosting investor sentiment.

Barclays reported a mixed set of third-quarter results, with pre-tax profit falling 7% year-on-year to £2.1bn, largely due to a £235m provision tied to the UK motor finance scandal and a £110m impairment charge linked to a single borrower in its investment bank. Despite the profit dip, group income rose 11% to £7.2bn, driven by strong net interest income and resilient performance across its UK and US operations. The bank announced a surprise £500m share buyback, with plans to shift to quarterly buyback announcements going forward.

InterContinental Hotels Group (IHG) delivered a resilient third-quarter performance, with global revenue per available room (RevPAR) edging up 0.1%, defying analyst expectations of a slight decline. The modest growth was driven by a 2.8% increase in the EMEA region, which offset declines in the Americas (-0.9%) and Greater China (-1.8%). Business travel demand rose 4%, while leisure and group bookings softened. Chief executive Elie Maalouf reaffirmed full-year guidance, citing strong brand momentum and a robust development pipeline of 342,000 rooms.

St James's Place delivered a stronger-than-expected third-quarter performance, with gross inflows rising 30% year-on-year to £5.7bn, comfortably ahead of analyst forecasts. Net inflows nearly doubled to £1.7bn, while total funds under management surpassed the £200bn mark for the first time, reaching a record £212.36bn as of 30 September. The UK wealth manager also reported an improved client retention rate of 95.2%, up from 94.6% a year earlier, and highlighted robust investment performance, with year-to-date returns equating to 12% of opening funds under management on an annualised basis.

Thermo Fisher Scientific delivered a stronger-than-

expected third-quarter performance, with revenue rising 5% year-on-year to \$11.12bn and adjusted earnings per share climbing 10% to \$5.79, comfortably beating analyst estimates. The life sciences giant saw broad-based growth across its segments, led by an 8.4% rise in Life Sciences Solutions and a 4.7% increase in Analytical Instruments. Management also raised its full-year revenue and earnings guidance, citing strong demand for its lab tools and diagnostics, as well as recent strategic acquisitions.

RELX reported strong trading momentum in its nine-month update, with underlying revenue growth of 7% year-on-year, driven by continued expansion across its analytics and decision tools portfolio. The FTSE 100-listed information and analytics group saw particularly robust performance in its Legal division, which grew 9% thanks to the success of its AI-powered platforms like Lexis+ and Protégé. The Risk division posted 8% growth, supported by demand for financial crime compliance and fraud solutions, while Scientific, Technical & Medical rose 5%, boosted by new product launches and strong article submissions. Exhibitions also delivered 8% growth amid a revitalised event portfolio.

Renishaw delivered a stronger-than-expected third-quarter performance, reporting a 5% year-on-year revenue increase to £180.7m for the three months ending 31 March. This marked a 7.9% sequential rise from the previous quarter, driven by robust demand in semiconductor and consumer electronics sectors. Adjusted pretax profit climbed 28% quarter-on-quarter to £30.0m, beating analyst forecasts and easing investor concerns over a potential downgrade. Despite tariff pressures, particularly on US exports, Renishaw maintained momentum by introducing surcharges and streamlining operations, including the closure of its loss-making drug delivery unit.

Roche reported a resilient third-quarter performance, with group sales rising 7% year-on-year at constant exchange rates, driven by a 9% surge in its pharmaceuticals division and a modest 1% uptick in diagnostics. The diagnostics segment was weighed down by healthcare pricing reforms in China, though growth remained strong in other regions. Key growth drivers included blockbuster therapies such as Phesgo, Vabysmo, Hemlibra, and Ocrevus. The company also advanced 10 drug candidates to Phase 3 trials, underscoring its robust pipeline. Management raised its full-year guidance, now expecting mid-single-digit sales growth and high single-to low double-digit core EPS growth.

Schroders reported a robust third-quarter update, with total group assets under management (AUM) rising 5% quarter-on-quarter to a record £816.7bn. The asset manager saw a sharp rebound in net new business (NNB), excluding joint ventures and

associates, which surged to £4.9bn from just £300m a year earlier. Year-to-date NNB reached £9.4bn, reversing last year's outflows of £3.6bn. Growth was broad-based, with public markets AUM climbing to £502bn and Schroders Capital reaching £71.6bn. Wealth Management also expanded, aided by the acquisition of Robertson Baxter.

Atlas Copco posted a mixed third-quarter update, with stable order intake and strong cash flow offset by margin pressure and currency headwinds. Orders received came in flat on an organic basis, while revenues dipped 3% year-on-year, though organically they rose 1%. Adjusted operating profit fell 6% and was slightly ahead of analyst expectations, while the operating margin narrowed to 21.3% from 21.9%. Despite macroeconomic uncertainty, the Swedish industrial group maintained its near-term outlook, expecting customer activity to remain steady. Shares dipped 2.2% following the announcement, reflecting investor caution amid softer profitability.

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